



OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION
June 26, 2006

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ORIGINAL

Ms. Elizabeth A. Rolando
Chief Clerk
Illinois Commerce Commission
527 East Capitol Ave.
Springfield, Illinois 62701

Response

Re: Application to Amend – Docket 06-0442
Response to ALJ Ruling Dated June 21, 2006
Compliance with Sections 451.220(a)(2) and 451.510(d).

Dear Ms. Rolando,

On June 21, 2006 Administrative Law Judge Mike Wallace issued a Ruling requesting additional information from Sempra Energy Solutions ("SES") regarding its Application to Amend. Part of the Ruling requests a response explaining how its filing complies with the requirements of Sections 451.220(a)(2) and 451.510(d). SES hereby provides the following response.

On June 20, 2006 SES filed with the Commission two documents as errata to its original June 12 filing: 1) a letter from Michael Allman, ("Allman Letter") Sempra Global's Chief Financial Officer confirming that pursuant to the Demand Promissory Note dated September 1, 2002 between Sempra Global and SES that SES has the ability to borrow at least the greater of \$750,000 or 7.5% of its total revenue; and, 2) a copy of SES's Second Guaranty Amendment that, *inter alia*, provides Sempra Energy's unconditional guaranty for all of SES's financial obligations to Illinois utilities. SES is wholly owned by Sempra Global which, in turn, is wholly owned by Sempra Energy. Sempra Global and Sempra Energy are both affiliates of Sempra Energy Solutions.

Section 451.220(a)(2)(D) provides that to comply under this Section, SES, as an Applicant, must maintain a borrowing agreement with an affiliate (in this case Sempra Global) and that SES must show the ratings report of the affiliate, the borrowing agreement, the affiliate's certified financial statements and the accountant's report for its affiliate's certified financial statements. In its filing, SES submitted the following Attachments: Attachment E1 – Standard & Poor's ratings report for Sempra Global; E2 -- an unsigned Borrowing Agreement between Sempra Global and SES; Attachment E3 – a copy of Sempra Global's certified financial statements; and, Attachment E4 – a copy of the accountant's report for Sempra Global's certified financial statements. On June 20, 2006 SES filed additional documents with the Commission, including the signed Allman Letter which affirms SES's ability to borrow from Sempra Global, its affiliate. Thus, SES believes that the Attachments provided by the combination of its June 12 filing and its subsequent June 20 filing meet the requirements of Section 451.220(a)(2)(D).

Section 451.510(d) requires that if an applicant requests authority to provide single bill services it must show that its corporate affiliate, which maintains certain credit ratings, unconditionally guarantees all obligations to Illinois utilities for at least one year. The Second Guaranty Amendment filed June 20 provides that Sempra Energy, SES's corporate parent and



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affiliate, unconditionally guarantees the financial obligations of SES to the Illinois utilities listed therein as the "Counterparty" for at least one year. Attachment E 1 is a credit report from Standard & Poor's that provides Sempra Energy's credit a BBB+ rating. Additionally, enclosed with this letter is a copy of Fitch's June 16 2006 report that Sempra Energy has an A rating. With these two ratings reports, SES believes that its filings comply with the requirements of Section 451.510(d).

In conclusion, SES believes that it has complied with all relevant provisions of the Sections 451.220(a)(2)(D) and 451.510(d).

If you have any questions or if I can be of assistance, please contact me at (630) 390-2715 or (630) 624-0149.

Sincerely,

A handwritten signature in black ink, which appears to read "Roy Boston". The signature is fluid and cursive, with the first and last names being clearly legible.

Roy Boston
Strategic Planning & Policy Manager -- East
Sempra Energy Solutions

Enclosures